

Sberbank's Bad Loans Rise Nearly 20% as Russia's Economic Troubles Deepen

October 28, 2026



Denis Voronin / Moskva News Agency

Defaulted assets at Russia's largest lender Sberbank rose nearly 20% in the first nine months of the year, highlighting growing strains on businesses and households as high interest rates weigh on the economy.

The state-controlled bank reported 2.7 trillion rubles (\$33.5 billion) in defaulted assets at the end of September, according to its [financial statements](#).

"The quality of the corporate loan portfolio is what causes us the greatest uncertainty and concern," Sberbank deputy CEO and Chief Financial Officer Taras Skvortsov [said](#).

Defaulted loans to developers under project financing arrangements rose by nearly half, from 258 billion rubles (\$3.2 billion) to 375 billion rubles (\$4.65 billion). Defaults on loans to other companies increased by more than a quarter, from 821 billion rubles (\$10.18 billion) to 1.06 trillion rubles (\$13.14 billion).

Residential real estate lending accounts for 27.8% of Sberbank's loan portfolio, followed by oil and gas companies at 13.4% and metals and mining companies at 11.9%.

The prolonged period of high interest rates is "putting more and more pressure on clients," Skvortsov said.

While Sberbank reported lower loan-loss provisions in the third quarter, Skvortsov said the figures partly reflected the release of reserves previously set aside against risks across certain industries. The bank is now beginning to allocate provisions to individual troubled borrowers.

Sberbank CEO German Gref [warned](#) last year that banks eventually "inherit all the problems" of the economy.

Skvortsov said the fourth quarter would "definitely be worse" for corporate borrowers than the first three quarters.

"We already see several cases in the fourth quarter ... where clients' financial positions are deteriorating, where there are problems with revenue, sales, certain export restrictions and investment demand," he said.

Related article: [Sberbank Warns of Rising Overdue Loans as Russian Companies Struggle](#)

The scale of the problems may be larger than the headline figures suggest. Sberbank does not classify restructured loans as overdue in its reporting, even though restructuring can conceal borrowers' difficulties.

The Center for Macroeconomic Analysis and Short-Term Forecasting, a think tank close to the Russian authorities, has [warned](#) that banks are masking deteriorating asset quality by restructuring loans.

Including risky restructured loans, the Central Bank [classified](#) 12.9% of corporate lending across Russia's banking sector as problematic at the end of August — equivalent to 13.3 trillion rubles (\$164.92 billion). Overdue debt alone accounted for just 3.7% of the portfolio.

Problem loans increased by 600 billion rubles (\$7.44 billion) in August, mainly because of "the deteriorating financial position of certain coal and electric power companies," the regulator said.

Sberbank [estimates](#) its share of Russia's corporate lending market at 32.7%.

The bank also held more than 1.2 trillion rubles (\$14.88 billion) in defaulted loans to individuals.

Defaulted mortgages rose from 203 billion rubles (\$2.52 billion) to 251 billion rubles (\$3.11 billion), while defaulted credit card debt increased from 305 billion rubles (\$3.78 billion) to 344 billion rubles (\$4.27 billion).

Defaulted car loans climbed from 34 billion rubles (\$421.6 million) to 43 billion rubles (\$533.2 million). Consumer loans were the only household lending category to show a decline in

defaulted assets, from 620 billion rubles (\$7.69 billion) to 608 billion rubles (\$7.54 billion).

The Center for Macroeconomic Analysis and Short-Term Forecasting [has argued](#) that a recovery in economic activity would allow borrowers to resume servicing troubled restructured debt, easing pressure on banks.

But forecasts point to a prolonged period of sluggish growth.

The OECD recently [maintained](#) its forecast for Russian economic growth of 0.5% in 2026 and cut its 2027 projection to 0.6%. The International Monetary Fund [expects](#) growth of 0.9% in both years.

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